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SERVICE DATE – SEPTEMBER 5, 2012

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 35654

GENESEE & WYOMING INC.—CONTROL—RAILAMERICA, INC., ET AL.

Digest:<sup>1</sup> In this decision the Board accepts for consideration the application filed August 6, 2012, by Genesee and Wyoming Inc. (GWI) and RailAmerica, Inc. (RailAmerica), seeking Board approval for the acquisition of RailAmerica by GWI. The Board determines that this is a minor transaction as defined by our regulations and adopts an appropriate procedural schedule as set forth in Appendix A.

AGENCY: Surface Transportation Board.

ACTION: Decision No. 2 in Docket No. FD 35654; Notice of Acceptance of Application; Issuance of Procedural Schedule.

SUMMARY: The Surface Transportation Board (Board) is accepting for consideration the application filed August 6, 2012, by Genesee and Wyoming Inc. (GWI) and RailAmerica, Inc. (RailAmerica). The application seeks Board approval under 49 U.S.C. §§ 11323-11325 of the acquisition of control of RailAmerica, a noncarrier holding company, by GWI, a noncarrier holding company. This proposal is referred to as the Transaction, and GWI and RailAmerica are referred to collectively as Applicants.

The Board finds that the application is complete and that the Transaction is a minor transaction upon the preliminary determination that the Transaction clearly will not have any anticompetitive effects. 49 C.F.R. § 1180.2(b)(1), (c). The Board makes this determination based solely on the evidence presented in the application. The Board stresses that this is not a final determination, and its finding may be rebutted by filings and evidence submitted into the record for this proceeding. The Board will give careful consideration to any claims that the Transaction would have anticompetitive effects that are not apparent from the application itself.

DATES: The effective date of this decision is **September 5, 2012**. Any person who wishes to participate in this proceeding as a party of record (POR) must file, no later than **September 19, 2012**, a notice of intent to participate. All comments, protests, requests for conditions, and any

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<sup>1</sup> The digest constitutes no part of the decision of the Board but has been prepared for the convenience of the reader. It may not be cited to or relied upon as precedent. Policy Statement on Plain Language Digests in Decisions, EP 696 (STB served Sept. 2, 2010).

other evidence and argument in opposition to the primary application and related filings, including filings by the U.S. Department of Justice (DOJ) and the U.S. Department of Transportation (DOT), must be filed by **October 5, 2012**. Responses to comments, protests, requests for conditions, and other opposition, and rebuttal in support of the primary application or related filings must be filed by **October 26, 2012**, see the Appendix A (Procedural Schedule). Further procedural orders, if any, will be issued by the Board as necessary.

**ADDRESSES:** Any filing submitted in this proceeding must be submitted **either** via the Board's e-filing format **or** in the traditional paper format. Any person using e-filing should attach a document and otherwise comply with the instructions found on the Board's website at "www.stb.dot.gov" at the "E-FILING" link. Any person submitting a filing in the traditional paper format should send an original and 10 paper copies of the filing (and also an electronic version) to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each filing in this proceeding must be sent (and may be sent by e-mail only if service by e-mail is acceptable to the recipient) to each of the following: (1) Secretary of Transportation, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) Attorney General of the United States, c/o Assistant Attorney General, Antitrust Division, Room 3109, Department of Justice, Washington, DC 20530; (3) Terence M. Hynes (representing RailAmerica), Sidley Austin LLP, 1501 K Street, N.W., Washington, DC 20005; (4) David H. Coburn (representing GWI), Steptoe & Johnson LLP, 1330 Connecticut Ave., NW, Washington, DC 20036; and (5) any other person designated as a POR on the service list notice (as explained below, the service list notice will be issued as soon after September 19, 2012, as practicable).

**FOR FURTHER INFORMATION CONTACT:** Jonathon Binet, (202) 245-0368. [Assistance for the hearing impaired is available through the Federal Information Relay Service (FIRS) at 1-800-877-8339.]

**SUPPLEMENTARY INFORMATION:** GWI is a publicly traded, noncarrier holding company. RailAmerica is a publicly traded, noncarrier holding company. See Appendix B for a complete list of each company's relevant holdings.

Applicants state that, pursuant to an agreement and plan of merger (Agreement), Jaguar Acquisition Sub, Inc., a newly formed, wholly owned noncarrier subsidiary of GWI, would acquire control of RailAmerica and its railroad subsidiaries. RailAmerica's shareholders would receive \$27.50 per share of RailAmerica common stock.

According to GWI, all shares of common stock of RailAmerica will be placed into an independent voting trust.<sup>2</sup> Applicants state that, on or after the effective date of the Board's decision authorizing the Transaction, the voting trust would be terminated, RailAmerica's shares would be transferred to GWI, and RailAmerica would become a wholly owned subsidiary of GWI.

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<sup>2</sup> See GWI Voting Trust—Control Exemption—RailAmerica, Inc., FD 35660 (STB served Aug. 17, 2012).

Applicants state four primary purposes for pursuing the Transaction. First, Applicants state that expanding GWI's safe and efficient rail operation of regional and shortline railroads would improve customer service for GWI and RailAmerica customers, as well as the Class I railroads with which they connect. Second, Applicants anticipate an increased likelihood of industrial and manufacturing development opportunities in the communities they serve. Third, they seek to enhance operational efficiencies by combining the best practices of each company. Lastly, Applicants assert that the Transaction would create stability for employees and customers.

Financial Arrangements. Under the Agreement, the purchase price would be paid in cash. RailAmerica would not issue any new railroad securities in connection with the Transaction although, following approval by the Board, it may guarantee debt obligations incurred by GWI. GWI would incur approximately \$2 billion of debt obligations and would issue up to \$800 million of equity and/or equity-linked securities in connection with the Transaction.

Passenger Service Impacts. Applicants state that the Transaction would not affect passenger rail service.

Discontinuances/Abandonments. Applicants state that there would not be any Transaction-related line abandonments.

Public Interest Considerations. Applicants state that the Transaction would benefit the public by providing safe, reliable, and efficient rail service and by allowing GWI to focus on local economic development. Applicants point to GWI's history in the industry and its commitment to providing continuously improved customer service as additional public benefits.

Applicants assert that the Transaction would have a negligible effect on shippers and the railroad industry and, therefore, has a limited possibility of creating any adverse competitive effects. According to Applicants, the Transaction would not create a monopoly and would not result in any restraint of trade. Applicants note that GWI and RailAmerica currently serve the same customer in only one locality – Linden, Alabama – but they state that no customer there would experience a reduction in service alternatives because the routes of these two carriers have completely opposite orientations and serve distinctly different destinations. In other words, at Linden, a shipper wishing to ship traffic east or west has one option and the same shipper wishing to ship traffic north or south has a different option.

Applicants assert that there would be no “2-to-1 shippers” (i.e., shippers served by two carriers before the Transaction that would be served by one after it) as a result of the Transaction. Applicants state that GWI and RailAmerica railroads interconnect or interchange in only four localities and are in close proximity (five miles or less) in two localities and that the combination would not affect competition at any of those locations. According to Applicants, the Transaction would have no effect on geographic competition. Lastly, Applicants state that the Transaction would not have a detrimental impact on non-affiliated shortlines that connect to GWI and RailAmerica railroads or on any transportation in a transportation corridor.

Applicants assert that, even if the Transaction had any adverse impacts on competition, those effects would be *de minimis* due to the limited connections between Applicants' railroad subsidiaries and, in any event, would be outweighed by the public benefits of the Transaction. As all of the railroads involved in the Transaction are shortlines, Applicants contend that they have little ability to influence rail transportation at the regional or national level. Also, because they believe the Transaction would result in safer, more reliable rail and customer service as well as local economic development, Applicants assert that these public interest considerations outweigh any *de minimis* effects on competition.

Time Schedule for Consummation. Applicants intend to consummate control of RailAmerica as soon as possible after the effective date of the final order, should the Board authorize the proposed Transaction. Applicants will place all shares of RailAmerica common stock into a voting trust. On or after the effective date of the Board's final order (assuming the Board authorizes the Transaction), the voting trust would be terminated and the shares of RailAmerica would be transferred to GWI.

Environmental Impacts. Applicants contend that, because the Transaction relates only to the change in corporate control and ownership of RailAmerica, no environmental impacts are anticipated and that the thresholds established in 49 C.F.R. § 1105.7(e)(4) and (5) would not be triggered.

Historic Preservation Impacts. Applicants contend that there is no need for historic review under Section 106 of the National Historic Preservation Act, 16 U.S.C. § 470, because the Transaction involves only a corporate change in control of RailAmerica and would not substantially change the levels of operations over, or maintenance of, rail lines of any of the GWI railroads or the RailAmerica railroads.

Labor Impacts. Applicants state that no employees of the subsidiary railroads would be adversely affected. Applicants further acknowledge that the Transaction would be subject to labor protective requirements and other procedures of 49 U.S.C. § 11326(b) and Wisconsin Central—Acquisition Exemption—Lines of Union Pacific Railroad, 2 S.T.B. 218 (1997).

**APPLICATION ACCEPTED.** The Transaction has characteristics that suggest it might be classified as "significant" under 49 C.F.R. § 1180.2(b), given that it involves the merger of two large holding companies that own railroads transacting business in 37 states. The size of the Transaction alone, however, is insufficient to classify it as significant. As provided for under 49 C.F.R. § 1180.2, rather than meeting a size threshold, to be significant a transaction has to have the potential for anticompetitive effects. Nothing in the record thus far suggests that the Transaction would have any anticompetitive effects, and any such effects that might result from the Transaction would appear to be outweighed by its contribution to the public in meeting significant transportation needs. A transaction that does not involve the control or merger of two or more Class I railroads is not of regional or national transportation significance and, therefore, is classified as minor if: (1) the transaction clearly will not have any anticompetitive effects, or (2) any anticompetitive effects will clearly be outweighed by the anticipated contribution to the public interest in meeting significant transportation needs. See 49 C.F.R. § 1180.2(b), (c). Therefore, based on the information provided in the Application, the Board finds the proposed

Transaction to be a minor transaction under 49 C.F.R. § 1180.2(c).<sup>3</sup> Such a categorization does not mean that the proposed Transaction is insignificant or not of importance. Indeed, the Board will carefully review the proposed Transaction to make certain that it does not substantially lessen competition, create a monopoly, or restrain trade and that any anticompetitive effects are outweighed by the public interest. See 49 U.S.C. § 11324(d)(1)-(2).

On August 9, 2012, Napa Valley Railroad Company (NVR) and Yreka Western Railroad Company (YW) filed replies in opposition to Applicants' Motion to Establish a Procedural Schedule. On August 16, 2012, similar replies were filed by Samuel J. Nasca, for and on behalf of United Transportation Union-New York State Legislative Board (UTU-NY), and jointly by Winamac Southern Railway Company (WSRY) and US Rail Corporation (URC). Opposing parties argue that the Board should treat the Transaction as a significant transaction, pursuant to the applicable statutes and regulations. For example, NVR and YW argue that, in terms of competition among holding companies, GWI's acquisition of RailAmerica is of national transportation significance. WSRY and URC infer from the numbers (e.g., post-merger GWI would control more than 100 rail carriers, manage in excess of 15,000 miles of track, and handle 1.835 million carloads per year) that this is a matter of regional and national transportation significance. UTU-NY claims that the Transaction would result in a reduction in competition among Class I rail carriers. Applicants filed a response to the replies on August 28, 2012.

The Board finds the proposed Transaction to be a minor transaction, because, as we have noted, on the face of the application there does not appear to be a likelihood of any anticompetitive effects resulting from the Transaction, if approved. Applicants state that the combined GWI and RailAmerica railroads would handle only 2.8% of the carloads handled by freight railroads in the United States and would earn only 1.1% of the total gross freight revenue earned by those railroads. The Transaction involves the common ownership of individual shortlines, each limited in its geographic scope and operating in different areas of the United States. The Transaction, if approved, would alter matters at the administrative level, but Applicants indicate that the existing operating plans governing each railroad would continue unchanged. Thus, those railroads would continue to operate and compete in their own local markets.

Our analysis of the effect on competition appropriately examines not how many railroad holding companies there are, or how many miles they operate, but rather whether the combination would have an adverse effect on shippers and communities. We perform that analysis by looking at the individual serving rail carriers (here, shortline carriers that are not interconnected, with few exceptions), rather than just the holding companies. Based on a review of the application and the careful description of the interchange points, it does not appear that any shipper would have fewer competitive rail alternatives as a result of the Transaction, even in the four localities where GWI interconnects or interchanges with RailAmerica because, as addressed in the application and supporting materials, the relevant lines either run in different

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<sup>3</sup> Because the Transaction proposed in the application is a minor transaction, no responsive applications will be permitted. See 49 C.F.R. § 1180.4(d)(1).

directions or the affected shippers are served by multiple railroads.<sup>4</sup> Lastly, the public would clearly benefit from GWI's demonstrated commitment to safety and customer service.

The Board reiterates, however, that its findings regarding anticompetitive impacts are preliminary. The Board will give careful consideration to any claims that the Transaction would have anticompetitive effects that are not apparent from the application itself. The Board can also condition the Transaction to mitigate or eliminate any deleterious effects on regional or national transportation.

The Board accepts the application for consideration because it is in substantial compliance with the applicable regulations governing minor transactions. See 49 U.S.C. §§ 11321-26; 49 C.F.R. pt. 1180. The Board reserves the right to require the filing of supplemental information as necessary to complete the record.

**PROCEDURAL SCHEDULE.** The Board has considered Applicants' request (filed August 6, 2012) for an expedited procedural schedule under which the Board would issue its final decision before the statutory deadline of 180 days after the filing of the application. In the interest of allowing time for the record to develop fully, the Board will not at this time set a particular target date for its decision. Rather, after reviewing the record developed, we will decide whether an expedited procedural schedule is appropriate. For further information respecting dates, see the Appendix A (Procedural Schedule).

**NOTICE OF INTENT TO PARTICIPATE.** Any person who wishes to participate in this proceeding as a POR must file with the Board, no later than **September 19, 2012**, a notice of intent to participate, accompanied by a certificate of service indicating that the notice has been properly served on the Secretary of Transportation, the Attorney General of the United States, and Messrs. Hynes and Coburn.

If a request is made in the notice of intent to participate to have more than one name added to the service list as a POR representing a particular entity, the extra name will be added to the service list as a "Non-Party." The list will reflect the Board's policy of allowing only one

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<sup>4</sup> See e.g., App., V.S. of Kevin Neels 11-13 (stating that common ownership of the Tazewell and Peoria Railroad and the Toledo, Peoria and Western Railway (TPW) in Peoria, Illinois would not have an anticompetitive effect because the affected customers are also served by Union Pacific and a barge terminal); id. 13-15 (stating that although the Illinois and Midland Railroad and TPW "can theoretically interchange traffic at Sommer[, Illinois], no traffic has been interchanged between the railroads at that location in 15 years or more"); id. 19-20 (stating that the common ownership of the Meridian and Bigbee Railroad and the Alabama and Gulf Coast Railway would not negatively affect competition because one line runs north-south and the other east-west); id. 22-23 (stating that the railroads that would fall under common ownership in Columbus, Mississippi, not only have multiple interchange partners, but multiple Class I interchange partners); id. 27-28 (stating that there is no overlap in territory currently served by the RailAmerica line in Eugene, Oregon and territory currently served by the two GWI lines in Eugene, Oregon.)

official representative per party to be placed on the service list, as specified in Press Release No. 97-68 dated August 18, 1997, announcing the implementation of the Board's "One Party-One Representative" policy for service lists. Any person designated as a Non-Party will receive copies of Board decisions, orders, and notices but not copies of official filings. Persons seeking to change their status must accompany that request with a written certification that he or she has complied with the service requirements set forth at 49 C.F.R. § 1180.4, and any other requirements set forth in this decision.

**SERVICE LIST NOTICE.** The Board will serve, as soon after **September 19, 2012**, as practicable, a notice containing the official service list (the service-list notice). Each POR will be required to serve upon all other PORs, within 10 days of the service date of the service-list notice, copies of all filings previously submitted by that party (to the extent such filings have not previously been served upon such other parties). Each POR also will be required to file with the Board, within 10 days of the service date of the service-list notice, a certificate of service indicating that the service required by the preceding sentence has been accomplished. Every filing made by a POR after the service date of the service-list notice must have its own certificate of service indicating that all PORs on the service list have been served with a copy of the filing. Members of the United States Congress (MOCs) and Governors (GOVs) are not parties of record and need not be served with copies of filings, unless any Member or Governor has requested to be, and is designated as, a POR.

**SERVICE OF DECISIONS, ORDERS, AND NOTICES.** The Board will serve copies of its decisions, orders, and notices only on those persons who are designated on the official service list as either POR, MOC, GOV, or Non-Party. All other interested persons are encouraged to secure copies of decisions, orders, and notices via the Board's website at "www.stb.dot.gov" under "E-LIBRARY/Decisions & Notices."

**ACCESS TO FILINGS.** Under the Board's rules, any document filed with the Board (including applications, pleadings, etc.) shall be promptly furnished to interested persons on request, unless subject to a protective order. 49 C.F.R. § 1180.4(a)(3). The application and other filings in this proceeding are available for inspection in the library (Room 131) at the offices of the Surface Transportation Board, 395 E Street, S.W., in Washington, DC, and will also be available on the Board's website at "www.stb.dot.gov" under "E-LIBRARY/Filings." In addition, the application may be obtained from Messrs. Hynes and Coburn at the addresses indicated above.

This action will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The application in FD 35654 is accepted for consideration.
2. The parties to this proceeding must comply with the procedural schedule adopted by the Board in this proceeding as shown in Appendix A.

3. The parties to this proceeding must comply with the procedural requirements described in this decision.

4. This decision is effective on September 5, 2012.

Decided: August 30, 2012.

By the Board, Chairman Elliott, Vice Chairman Mulvey, and Commissioner Begeman. Vice Chairman Mulvey dissented with a separate expression.

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VICE CHAIRMAN MULVEY, dissenting:

Congress directed the Board to ensure that certain procedural safeguards are followed when the Board reviews a rail transaction (not involving at least two Class I railroads) that is of “regional or national transportation significance.” 49 U.S.C. 11325(c). Presently before the Board is a request to consolidate GWI and RailAmerica, the two largest shortline holding companies in the country. If approved, more than 100 shortline railroads, operating in 37 states, would be consolidated under a single corporate umbrella. I believe that a transaction of this magnitude is of regional or national transportation significance and, accordingly, should have been classified by the Board as “significant” rather than “minor.” A “significant” classification would have given interested parties and the Board more information and opportunity to examine any concerns regarding the transaction.

While I do not believe that every large transaction merits a significant classification, the proposed transaction would greatly change the ownership structure of the short line industry. In the past, this agency has been criticized by some for allowing, over time and many individual transactions, significant consolidation of the Class I railroad industry. Although there remain many other shortline railroads today, the present transaction would consolidate nearly 20% of the shortlines in the country under a single owner.

This agency has only once found a transaction to be significant.<sup>5</sup> Yet some purportedly “minor” transactions have resulted in significant opposition and required significant agency resources.<sup>6</sup> This disconnect is a result of the Board’s current and restrictive rules for classifying mergers, which base the determination solely on competitive impact even though such a

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<sup>5</sup> *Canadian Pacific Ry. – Control – Dakota, Minnesota & Eastern R.R.*, FD 35081 (STB served Dec. 27, 2007).

<sup>6</sup> In *Canadian National Ry. – Control – EJ&E West Co.*, FD 35087 (STB served Nov. 26, 2007) (Cmr. Mulvey, dissenting), the Board classified the transaction as minor, but subsequently acknowledged that the high level of public participation in the merger review was “unprecedented.” *Canadian National*, slip op. at 3 (STB served Dec. 24, 2008).



limitation is nowhere to be found in 11325(c).<sup>7</sup> Competitive issues are, without a doubt, the Board's primary concern in merger review and I agree with the Board's preliminary determination with regard to the likely competitive impact of this merger. But because the Board's review of minor and significant mergers is not limited to just competitive issues, we should not so severely limit the analysis we employ to determine a merger's significance. *See Village of Barrington et al. v. Surface Transportation Board*, 636 F.3d 650 (D.C. Cir. 2011) (Board has the authority to condition minor mergers on environmental grounds); 49 CFR 1180.6 (requiring minor and significant merger applicants to submit information regarding environmental issues, total fixed charges, impacts on commuter/passenger rail transportation, *etc.*).

Although I would have classified the merger as being of regional or national transportation significance, based on the current record, I do not see an issue that would have prevented the Board from completing its review in less time than allotted for significant mergers.

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<sup>7</sup> Section 11325(c) provides that certain procedures are to be followed “[i]f the application involves a transaction other than the merger or control of at least two Class I railroads, as defined by the Board, which the Board has determined to be of regional or national transportation significance . . . .”

**APPENDIX A: PROCEDURAL SCHEDULE**

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| August 6, 2012     | Motion for Protective Order filed.<br><br>Application and Motion to Establish Procedural Schedule filed.  |
| September 5, 2012  | Board notice of acceptance of application published in the <u>Federal Register</u> .  |
| September 19, 2012 | Notices of intent to participate in this proceeding due.  |
| October 5, 2012    | All comments, protests, requests for conditions, and any other evidence and argument in opposition to the application, including filings of DOJ and DOT, due. |
| October 26, 2012   | Responses to comments, protests, requests for conditions, and other opposition due. Rebuttal in support of the application due.                               |
| TBD                | A public hearing or oral argument may be held.  |
| TBD                | Close of evidentiary proceeding.  |
| TBD                | Date by which a final decision will be served.  |
| TBD                | Date by which a final decision will become effective.   |

## **APPENDIX B: HOLDINGS**

According to GWI, it controls, within the United States, one Class II rail carrier, Buffalo & Pittsburgh Railroad, Inc., and 59 Class III rail carriers:

- Allegheny and Eastern Railroad, LLC;
- The Aliquippa and Ohio River Railroad Co.;
- AN Railway, LLC;
- Arizona Eastern Railway Company;
- Arkansas Louisiana & Mississippi Railroad Co.;
- Atlantic and Western Railway, LP;
- The Bay Line Railroad, LLC;
- Chattahoochee Bay Railroad, Inc.;
- Chattahoochee Industrial Railroad;
- Chattooga and Chickamauga Railway Co.;
- Columbus & Chattahoochee Railroad, Inc.;
- Columbus and Greenville Railway Co.;
- The Columbus and Ohio River Rail Road Co.;
- Commonwealth Railway, Inc.;
- Corpus Christi Termini Railroad, Inc.;
- The Dansville and Mount Morris Railroad Co.;
- East Tennessee Railway, LP;
- First Coast Railroad Inc.;
- Fordyce and Princeton RR Co.;
- Galveston Railroad, LP;
- Genesee and Wyoming Railroad Co.;
- Georgia Central Railway, LP;
- Georgia Southwestern Railroad, Inc.;
- Golden Isles Terminal Railroad, Inc.;
- Hilton & Albany Railroad, Inc.;
- Illinois & Midland Railroad, Inc.;
- KWT Railway, Inc.;
- Little Rock & Western Railway, LP;
- Louisiana and Delta Railroad, Inc.;
- Luxapalila Valley Railroad, Inc.;
- The Mahoning Valley Railway Co.;
- Maryland and Pennsylvania Railroad, LLC;
- Maryland Midland Railway, Inc.;
- Meridian & Bigbee Railroad, LLC;
- Ohio and Pennsylvania Railroad Co.;
- Ohio Central Railroad, Inc.;
- Ohio Southern Railroad, Inc.;
- Pittsburg & Shawmut Railroad, LLC;
- The Pittsburgh & Ohio Central Railroad Co.;

- Portland & Western Railroad, Inc.;
- Riceboro Southern Railway, LLC;
- Rochester & Southern Railroad, Inc.;
- Salt Lake City Southern Railroad Co., Inc.;
- Savannah Port Terminal Railroad Inc.;
- South Buffalo Railway Co.;
- St. Lawrence & Atlantic Railroad Co.;
- Talleyrand Terminal Railroad Co., Inc.;
- Tazewell & Peoria Railroad, Inc.;
- Tomahawk Railway, LP;
- Utah Railway Co.;
- Valdosta Railway, LP;
- The Warren & Trumbull Railroad Co.;
- Western Kentucky Railway, LLC;
- Willamette & Pacific Railroad, Inc.;
- Wilmington Terminal Railroad, LP;
- York Railway Co.;
- Yorkrail, LLC;
- The Youngstown & Austintown Railroad, Inc.; and
- Youngstown Belt Railroad Co.

GWJ explains that Allegheny & Eastern Railroad, LLC and Pittsburg & Shawmut Railroad, LLC are non-operating carriers that own rail lines operated by Buffalo Pittsburgh Railroad, Inc.; and, Maryland and Pennsylvania Railroad, LLC and Yorkrail, LLC are also non-operating carriers that own rail lines operated by York Railway Company. The Board recently granted Western Kentucky Railway, LLC authority to abandon all of its remaining rail lines that have been inactive since prior to 2005.

According to RailAmerica, it operates the following Class III railroads:

- Alabama & Gulf Coast Railway LLC;
- Arizona & California Railroad Co.;
- Bauxite & Northern Railway Co.;
- California Northern Railroad Co.;
- Carolina Piedmont Division;
- Cascade and Columbia River Railroad Co.;
- Central Oregon & Pacific Railroad, Inc.;
- The Central Railroad Company of Indiana;
- Central Railroad Company of Indianapolis;
- Chesapeake & Albemarle Railroad Co., Inc.;
- Chicago, Ft. Wayne & Eastern;
- Conecuh Valley Railway;
- Connecticut Southern Railroad, Inc.;
- Dallas, Garland & Northeastern Railroad, Inc.;
- Eastern Alabama Railway, LLC;

- Grand Rapids Eastern Railroad Inc.;
- Huron & Eastern Railway Company, Inc.;
- Indiana & Ohio Railway Company;
- Indiana Southern Railroad, LLC;
- Kiamichi Railroad Co., LLC;
- Kyle Railroad Co.;
- Marquette Rail, LLC;
- The Massena Terminal Railroad Co.;
- Mid-Michigan Railroad, Inc.;
- Michigan Shore Railroad, Inc.;
- Missouri & Northern Arkansas Railroad Co., Inc.;
- New England Central Railroad, Inc.;
- North Carolina & Virginia Railroad Co., LLC;
- Otter Tail Valley Railroad Co., Inc.;
- Point Comfort & Northern Railway Co.;
- Puget Sound & Pacific Railroad; Rockdale,
- Sandow & Southern Railroad Co.;
- San Diego & Imperial Valley Railroad Co., Inc.;
- San Joaquin Valley Railroad Co.;
- South Carolina Central Railroad Co., LLC;
- Texas Northeastern Railroad;
- Three Notch Railway, LLC;
- Toledo, Peoria & Western Railway Corp.;
- Ventura County Railroad Corp.;
- Wellsboro & Corning Railroad, LLC; and
- Wiregrass Central Railway, LLC.

RR Acquisition Holding, LLC, a noncarrier affiliate of Fortress Investment Group, currently owns approximately 60% of RailAmerica's publicly traded shares.